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Sisson, Francis Hinckley

Financial advertising and the public

[New York]

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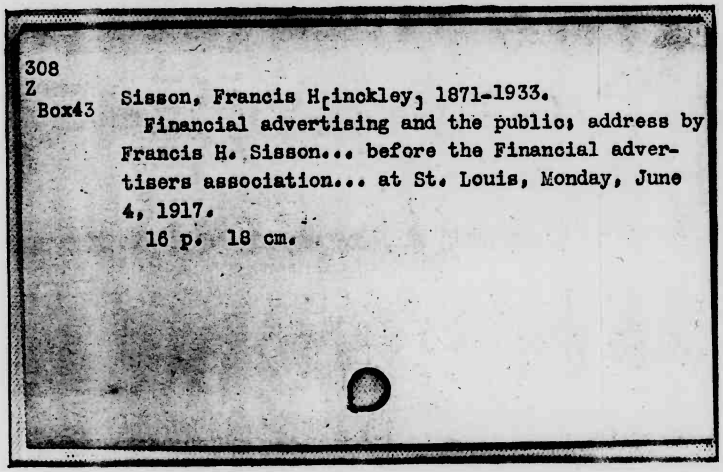

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Sisson, Francis H[inckley] 1871-1933.
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Financial Advertising and the Public

Financial Advertising and the Public

Address by

Francis H. Sisson

Vice-President

of the

Guaranty Trust Company

of New York

Before the

Financial Advertisers Association

A department of the Associated Advertising Clubs of the World

At St. Louis, Monday, June 4, 1917

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Financial Advertising and the Public

WE ARE ENTERING upon a new era in the relations between the financial institution and the public. The fact that no man, or institution, or interest, liveth to itself alone is becoming increasingly apparent. The interrelation and interdependence of each upon the other is the obvious fact of our common life. We have learned that autocracy in business has no more place in a democracy than autocracy in politics or in society, and the ever-spreading spirit of democracy has reached into the realms of finance and leavened this one-time lump of conservation even as it is leavening the political systems of the whole world today.

The old days of addition, division, and silence, of self-centered ignorance of, and sometimes indifference to, the other fellow's interests and point of view, have no place in the modern scheme of business, and gradually the consciousness has come over us that the only achievement really worth while is that which is won through serving another.

The New Vision

Moreover this spirit of service must dominate not only the organization within but, if it is to fulfill its real purpose, must seek to extend its influence beyond the hope of immediate gain, in the realization that whatever promotes the general good, in some measure advances the good of each unit thereof.

So it follows that the financial institution of the day, facing this new order, must look out over its field of activities with a new vision, and see in it possibilities for service which only a few years ago could never have been imagined. These institutions are learning that, as the financial leaders of the community, their responsibility extends even beyond the honest and efficient direction of the community's business, and carries with it the obligation to aid and stimulate the thought of the community, be it small or large, along the lines of sound economics and right business practice.

Opportunities Presented

The old English fetish that it was unprofessional and undignified for a bank to advertise has long since been relegated to the discard, where it always belonged. Today we see another long step forward being taken, for the financial institutions of the country,

realizing that the opportunities and obligations of advertising extend beyond mere formal announcements and bromidic appeals, have moved on into the realm of real salesmanship and education. Here they find awaiting them two great opportunities: *First*, to sell their standard commodities—service and securities—through intelligent and progressive selling methods, with advertising copy convincingly written and artistically displayed.

Second, to educate and stimulate public thought on important business questions through informative publicity, which opens up limitless possibilities for successful advertising and for public service of permanent value.

In this brief discussion I wish to speak particularly of this latter type of financial advertising, both because it is more recent and unusual and because I believe it offers a large opportunity for development and for new lines of business which advertising men should not ignore.

Economic Illiteracy

One of the leading bankers of the country, during the past winter, startled the reading public with the statement that, "we are a nation of economic illiterates." The state-

ment was perhaps most startling because of its truth. We Americans pride ourselves upon being a business people, yet probably none of the leading nations of the world is so ignorant of the fundamental principles underlying business as the United States. Our wanderings in the fields of banking, currency, tariff, taxation, transportation, regulation, and legislation on business topics generally, have been those of a veritable Alice in Blunderland, muddling through to half-baked conclusions. The general ignorance, on the part of many public men, of the fundamental economic principles which should control their activities is equalled only by the economic ignorance of the business men at home whom they represent.

Admitting this indictment to be only partially true—and that it is susceptible to proof is beyond question—what is the answer to the situation for those who have the most at stake?

Doubtless one answer springs trippingly to your tongues: "Advertise! Tell the public the facts!" And in that chorus I join. But the task is no light one, and calls for the best the advertising profession can produce.

A Public Duty

So I believe that it is not only the opportunity but the duty of the financial institutions of

the country, among whom knowledge of business conditions and economic principles involved must necessarily be the greatest, to spread that knowledge through the widest possible area for the information and education of the public, in the interests of sound legislation and good business from which all must profit.

To some extent this work has been undertaken by some of the financial institutions of the country, and with most promising results.

Some of these institutions publish regularly magazines, house organs, and bulletins, dealing with business questions; these are given a broad distribution and have a far-reaching effect in guiding and informing business thought. Others issue booklets upon topics of current business interest, and distribute them through their clientele. A few have undertaken campaigns of business information and education in the daily newspapers of their own territory; and others—still fewer in number—have had the courage to broaden out into the field of national advertising in dealing with national questions.

War Loan Booklets

Perhaps I can most concretely illustrate my meaning by describing the campaigns of one institution of which I can speak advisedly.

When it became apparent that the United States must help to finance the war needs of the Allies and, later, must meet its own war cost, the Guaranty Trust Company of New York issued a booklet covering in narrative style the experience of the United States and the countries of Europe with war loans in the past, showing the manner in which they have issued and met these loans, and dealing with their economic effects. This booklet was widely advertised in daily newspapers and general mediums throughout the country and a large public demand created for it. It formed a desirable background of knowledge for the flotation of war bonds generally, and the advertising stimulated the desire for such knowledge.

When it was decided that this country must float a loan of large proportions to finance its own entry into the war, this Company issued a booklet entitled "Mobilizing Money for War;" it dealt with the economic situation in relation to the proposed loan, and showed the spirit in which it must be accepted by the public and the possible advantages accruing from it. Again a wide public demand resulted from advertising and desirable economic information was disseminated.

Booklets on Business

I mention these booklets simply because of

the great current interest of the topic with which they dealt, but it is the practice of this Company to issue booklets upon business themes of less dramatic interest, To these also there has been a wide response. For instance, one of the developments of the war has been the creation of a market for acceptances—a new and interesting instrument of finance, little understood, but capable of most useful development. A booklet dealing with this subject in simple terms was issued, advertised throughout the country, and has been in great demand.

In accordance with this same policy, new and important pieces of legislation affecting business such as tax laws, tariff laws, banking regulations, etc., are discussed as soon as they become news matter. The element of timeliness is constantly studied and profitably employed. The latest booklet to be issued by this institution deals with the railroad problem, which has been brought prominently before the public eye through the requests for higher freight rates and the need for co-ordinating transportation to meet war conditions. The part played by the railroads in our business life and the facts concerning them are set forth for public information as a basis for fair public treatment.

The National City Bank of New York

which has taken a foremost place in the work of distributing information and sound economic doctrine has conducted this spring an active campaign to increase the food supply of the country, which has had far-reaching results. In such a campaign, there is, of course, no immediate prospect of profit for the institution, but whatever increases the wealth of the nation and helps to establish it on a sound basis will be directly and inevitably reflected in the increased prosperity of these far-sighted bankers.

To operate successfully in this new field of advertising requires a news sense as well as sound business ideas, but these can be made available to any institution which cares to meet the cost of the service they render, either within its own organization or through the advertising agencies at its disposal.

It is highly essential that such advertising, if it is to be read and have influence, shall be brief, pointed, well-displayed, and simply stated. Long essays on economic themes, the airing of mere opinions, and argumentative special pleading for selfish interests, will not win public attention or have broad influence. Such copy, to render the service for which it is intended, should be most carefully studied in order that the largest possible meaning may be condensed into the fewest possible words;

and it should be in such readable and distinctive form that it will readily attract and win the reader.

The Use of Paid Space

I do not believe there is any publicity method so good, none so economical, and none which will produce such quick results and pay such high dividends in actual financial return as well-conceived and well-executed advertising which discusses frankly with the people of the country, through the paid columns of newspapers and periodicals, the business problems of common interest. It is the surest and most effective means, not only of reaching the public understanding, but also of inspiring public confidence, which is the basis of all progress in democracy.

One particular service to be rendered by advertising of this character is to dispel the very general illusion that the financial institutions of the country are all part of an organized system which, like a great Juggernaut, moves about seeking whom it may crush; when, as we know, they are simply human institutions, rendering human service, manned by human beings, even as you and I.

The so-called prejudice against Wall Street which exists in some parts of the country is born largely of this same ignorance of the

facts and of the men behind them. Advertising, which will dispel that ignorance, can be only good in its effect.

Economic Problems

Just to see this proposition in relief, look for a moment at what we may expect in default of public understanding on these economic problems. Realize, if you will, how near we came to authorizing by vote a debased currency during the free-silver campaign; how long we temporized with our critical banking problem; how foolishly we hamper our large industrial institutions in their legitimate expansion; how we overregulate and strangle our railroads; how we fumble in our attempts at taxation; how we permit the menace of government ownership, and its assured inefficiencies and political tragedies, to grow about us; how we wait while the organized might of labor and of other class interests works its way at the public expense.

All these and many other similar situations demand the light of fact and reason to dispel the shadows they cast upon us. The inevitable harvest of ignorance is industrial and social disaster. Public sentiment must be informed and guided if it is to find expression in proper action.

Broaden Investment Base

One illustration of the lack of public education in financial matters is glaringly apparent today. It is estimated that there are in this country of over 100,000,000 people only about 200,000 individual investors in bonds. The financial institutions of the country have never made any sustained effort to broaden their investment base, but have been content to market the obligations offered through them, to institutions, estates, and large investors, without seeking to instruct the general public in matters of investment or to cultivate in the public the habit of thrift and the purchase of sound securities.

The strenuous struggle the government has had to market its first war issue has well illustrated our deficiencies in this regard. In Europe the percentage of bondholders is many times higher than it is in this country. In France, indeed, it seems to attain very closely to 100% of the money earners of the nation. Thrift has followed education and an investing clientele of huge proportions has been built upon them. Over 8,000,000 people subscribed for the last English war loan.

In this field too, the financial institutions have not only an opportunity but an obligation. They must teach the American people how to invest their money safely and system-

atically, and must organize for them the methods which will make it possible.

It is certain that never in the history of this country has a knowledge of economic facts been more vital. The present war has created a situation which will be of far-reaching effect. New and large business problems are certain to face us, both during the war and at its conclusion. The civilized world must go through an economic readjustment, and *the nation which best understands the facts and the underlying principles will profit most largely.*

The New Leadership

The leader of finance and the advertising man who speaks for him must have broader views regarding the relations of business to society than ever before. They must have, too, the social sense and sympathy necessary to great achievement in any line of business activity today. As far as possible they must view the business world, with its interlocked interests, as a unity in which a community of feeling and understanding is essential to progress, and they will inevitably realize that the measure of progress is likely to be the extent to which they share that feeling. This feeling is bigger than any one interest, bigger than any one community, bigger even than any one nation; the far horizon of civilization itself is its only proper boundary.

When Rousseau produced the first edition of his book on Social Democracy, in aristocratic France, the Bourbons and the aristocrats greeted it with sneers of derision. Yet, after the tide of revolution had risen, and the second edition was published, it was bound in the hides of the men who had sneered. So rapidly the old order changeth. So do new conditions demand new methods and new attitudes.

Too often, in this country, the course of legislation and of the litigation growing out of it, proceeds from the court of original error to that of ultimate conjecture, with no back-ground of knowledge or principle behind it. Only insistent and persistent publicity can furnish that background.

Democracy Seeks Light

It has been well said that much of our political and economic failure marks less the triumph of ignorance than the surrender of intelligence. Our hope of salvation from national error lies in increasing the forces and quickening the spirit of intelligence to spread its power. Democracy wants to know. It will not take things for granted. It must be "shown." It is more and more insisting upon playing its part in business returns. That its part may be made efficient and its

share be a fair one, understanding must be spread.

Here is the great opportunity to erect a statue of Publicity to enlighten the world—our world; to dispel the shadows of ignorance and the brood of evils which they foster; to help make an America united in understanding, co-operating in spirit and in fairness to all, for the common welfare.

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